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ORDINANCE NO. 46-590

AN ORDINANCE EXEMPTING PROPERTY FROM AD VALOREM TAXATION FOR ECONOMIC DEVELOPMENT PURPOSES PURSUANT TO ARTICLE 11, SECTION 13, OF THE KANSAS CONSTITUTION; PROVIDING THE TERMS AND CONDITIONS FOR AD VALOREM TAX EXEMPTION; AND DESCRIBING THE PROPERTY OF CUSTOM CUPBOARDS, INC. SO EXEMPTED.

WHEREAS, Article 11, Section 13, of the Kansas Constitution provides that the governing body of the City may, by Ordinance, exempt from all ad valorem taxation all or any portion of the appraised value of certain property meeting the requirements of the constitutional provision; and

WHEREAS, the City of Wichita has adopted an Economic Development Incentive Policy by which the City will consider granting tax exemptions upon a clear and factual showing of direct economic benefit including the creation of additional jobs or the upgrading of existing jobs and the stimulation of additional private investment; and

WHEREAS, Custom Cupboards, Inc., requests an ad valorem tax exemption on a proposed expansion project of 75% for five years on the construction of a 27,750 s.f. building addition and certain new manufacturing equipment and 75% for a second 5 years only on the building improvements; and

WHEREAS, Custom Cupboards, Inc., has operated within the City for more than twenty-four years as a manufacturer of custom built cabinetry for homes and offices; and

WHEREAS, Custom Cupboards, Inc., proposes a \$1,643,086 expansion by the construction of a 27,750 s.f. building addition and purchase of machinery and equipment to be located at 3737 S. Norman in southwest Wichita; and

WHEREAS, the City Council of the City of Wichita has reviewed the application and supporting documentation supplied by Custom Cupboards, Inc., has reviewed the impact statements provided by Staff, and the Cost-Benefit Analysis by the Wichita State University and has conducted a public hearing on such application on May 3, 2005; and

WHEREAS, the City Council of the City of Wichita has found and determined:

1. Custom Cupboards, Inc. is an existing business located in Wichita, Kansas, and intends to expand its business by the construction of a 27,750 s.f. building addition and the purchase of certain personal property.

2. The construction of the new building, and the purchase of personal property for which exemption is given occurred after July 22 2003. No exemption will be given for construction or purchases, which occurred before that date.

3. Such property purchases are to be used exclusively for manufacturing articles of commerce.

4. By such purchases, Custom Cupboards, Inc. will create new employment for 25 employees within three years after the start of the project.

5. Tax exemption will be given only for the construction of a 27,750 s.f. building addition and the purchase of certain personal property as reflected in Exhibit I attached hereto.

6. The property on which exemption is given will meet the requirements of the Kansas Constitution and the City of Wichita's Economic Development Incentive Policy.

7. Such ad valorem tax exemption is in the public interest providing for economic growth and benefit including the creation of jobs and stimulating additional private investment.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WICHITA, KANSAS,

1. The City Council of the City of Wichita, Kansas hereby makes a factual determination that an ad valorem tax exemption of the type requested by Custom Cupboards, Inc. is required to retain jobs in the State of Kansas, and that the property to be exempted is to be used exclusively for manufacturing articles of commerce.

2. Custom Cupboards, Inc. is hereby granted an ad valorem tax exemption of 75% for 5 years on the building addition and the personal property as shown on Exhibit I, and of 75% for a second 5 years, solely on the building addition, all on an expansion project started after July 22, 2003, and located within the Wichita City limits at 3738 S. Norman in southwest Wichita, at an estimated cost of \$1,643,086, as further defined in Exhibit I attached hereto. Such exemption is to begin in the calendar year after the calendar year in which the expansion is completed, and may be terminated early (Custom Cupboards, Inc. may be required to repay amounts previously abated), in the event of any failure by, Custom Cupboards, Inc., to perform its obligations under the Economic Development Incentive Agreement it has executed with the City.

3. The Economic Development Incentive Agreement between the City of Wichita and Custom Cupboards, Inc. Is hereby approved.

4. The City Manager's Office shall be responsible for monitoring the performance of Custom Cupboards, Inc. and shall provide annual reports on such performance.

5. Such exemption is subject to verification that the level of employment at the time of the completion of the project is at least equal to the level of employment as stated in Custom Cupboards, Inc.'s written request for ad valorem tax exemptions as presented to the City Council

and to administrative staff and dated March 14, 2005, and as stated in Custom Cupboards, Inc.'s annually approved EEO/AA Plan.

6. Such exemption may hereafter be withdrawn by the City Council upon a finding that Custom Cupboards, Inc. no longer is entitled to such exemption in accordance with the Economic Development Incentive Policy and Application of the City of Wichita.

7. The City Council may, at its discretion, require Custom Cupboards, Inc. to return all funds exempted if there is a failure to meet the level of employment and EEO/AA goals as presented to the Council and as stated in Custom Cupboards, Inc.'s application and EEO/AA Plan.

8. Upon finding that Custom Cupboards, Inc. has moved or relocated its operations as described in the tax exemption request or application outside the Wichita City Limits the City Council shall require the repayment of all prior amounts of taxes that have been exempted and shall withhold any future exemption of taxes on Custom Cupboards, Inc.'s expansion project. All repayments shall be redistributed to the local taxing authorities at the proper taxing rates.

9. This Ordinance shall be in full force and effect from and after its passage and publication in the official City paper.

Passed by the governing body of the City of Wichita, Kansas this 10<sup>th</sup> day of May, 2005.

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Carlos Mayans, Mayor

ATTEST:

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Karen Sublett, City Clerk

Approved as to Form:

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Gary E. Rebenstorf, City Attorney

**Custom Cupboards, Inc.  
Exhibit I**

New Construction:  
27,750 SF building addition  
to existing facility

\$521,616

<b>Total New Construction</b>	<b>\$521,616</b>
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Equipment Purchases:

Shaper – Mill	\$2,305
Venjakob #2 – Spray Line Equipment	432,552
Scale – Paint Dept	849
Cutoff Saw	45,000
Panel Clamp	62,000
Otimatch	92,985
Bench Scale – Paint Shop	849
Workbenches – Paint Shop	625
Venjakob Workbench	462
2 Dumpster Mills	1,234
Lift Table – Panel Department	2,580
Cresswood Grider #2	32,900
Scissor Lift	4,474
Forklift	20,822
Paint Pump	2,250
Full Spectrum Light – Paint Shop Inspection	1,622
Welder – Main Dept	4,288
Tablesaw – Dado Dept	1,785
Lotol Paint Pump	2,250
Lawnmower	4,000
Floor Scale – Shipping Dept	1,855
Venjakob #2 – Cleaning Brush Attachment	31,343
Lexicon Transmitter w/ 25 receivers	3,847
Silo Unloader – Part of the Dust Collection Sys	54,636
Shaper Feed – Door Dept	800
Paint Booths	9,969
Lumber Rack – Cut-out Dept	2,183
Shaper – Door Dept	2,315
Paint Pump	2,250
Holzma Saw	250,592
Bolier Vaccum Cleaner	3,814
Otimatch Label Printer	19,850
Paint Solvent Cleaner	22,185

<b>Total Equipment</b>	<b>\$1,121,470</b>
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<b>Total Expansion Project</b>	<b>\$1,643,086</b>
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